



2015

SEPTEMBER 21-22 | ARLINGTON, VIRGINIA



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A Look Ahead:

Policy and Risk Management

Agenda

- Policy and Program Development Overview
- Policies Published over the Last Year
- What's Next and Where We are Going
- Long-Term Risk Management Development
- Wrap-Up



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Policy & Program Development Overview

Policy and Program Development Division

- New unit in the Office of Issuer & Portfolio Management
- Determines policy for all Ginnie Mae MBS programs – Single-Family, HECM MBS, Multifamily
- Implements policy changes and new program requirements through All Participants Memoranda (APMs) and MBS Guide updates
- Updating policies to balance enhanced customer service and risk management



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Program Development Coordination

- Coordinate program development with the mortgage insuring agencies – FHA, VA, USDA RHS, and PIH (HUD Indian Housing)
- Coordinate with other related federal agencies – CFPB, FHFA, FDIC, SEC, OCC, as well as the Administration as a whole
- Consider industry trade associations' comments and feedback



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Interagency Coordination Examples

- CFPB rulemaking input, e.g., servicing transfers
- Serve as hub for insuring agencies and promote program consistency, e.g., ARM Lookbacks, post-settlement interest
- Special Projects – Federal Home Loan Bank of Chicago (FHLBC) Conduit Issuer education
- Joint Federal Housing Agencies Workgroup founding agency – MOUs on data consistency and collaboration
- FDIC default process coordination





Policies Published Over the Last Year



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New Policies Since Last Summit

- 20 APMs published since September 2014
 - 15 APMs published in CY2015
- Includes major policy changes, introduction of counterparty management tools, and technical corrections
 - APM 14-15 Demonstrated Participation/Dormant Issuer
 - APM 14-16 New Net Worth and Liquidity Requirements
 - APM 14-19 Pledge of Servicing Acknowledgement Agreement Update



New Policies This Year

- APM 15-04 Issuer Operational Performance Profile (IOPP) Roll-Out
- APM 15-05 Pooling for Immediate Transfer (PIIT) Participant Eligibility Requirements
- APM 15-11 Servicing Transfers Prior Approval & RFS Testing Requirements
- APM 15-13 Pool Certifications with form 11708 Document Releases
- APM 15-14 Change in Issuer Business Status Notifications Update





What's Next and Where We Are Going



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Near-Term Efforts

- **Backdrop:** Need to make efficient use of our resources in an era marked by a much larger and more complex issuer base.
- **Execution of the demonstrated participation policy announced last year:** Severance of approved issuers who have not been active in the program.
- **Provision of guidance on use of Acknowledgment Agreements for issuers to obtain financing:** Aiming for a more standardized process.



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Longer-Term Efforts

In 2016 will likely kickoff some large-scale policy related projects.

- **Guide Overhaul:** Comprehensive revision of the MBS Guide for improved workability.
- **HMBS Modernization:** Comprehensive improvement of the reverse mortgage MBS program.
- **Document Custody Reform:** As announced this summer, embarking on an effort to modernize the program by which the collateral for pools is managed via third party document custodians.



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Long-Term Risk Management Development

Investigating Implementation of Issuer Stress Testing

- May mimic Dodd-Frank Act supervisory stress testing currently required of bank holding companies
 - A controlled (e.g., we provide the scenarios) forward looking quantitative evaluation of stressful economic and financial market conditions on issuer's capital and liquidity
- May include a focus on orderly transition planning.
- In the short term, interested in understanding existing stress testing issuers are performing on their own.



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Counterparty Risk and Issuer Engagement

- Exploring a more holistic view of counterparty assessment as driver to engagement with Issuers
 - Historically had been only a handful of considerations that drove interaction – DQs, Net Worth, Insurance Matching, Field Review Results
 - In the future could include: Risk Grade, overall financial condition and performance, IOPP metrics, exposure created by specific portfolio, etc.



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Questions?



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